

**T E X A S COMMISSION ON ENVIRONMENTAL QUALITY**  
**P. O. BOX 13087, MC 204**  
**AUSTIN, TEXAS 78711-3087**

December 6, 2016

**ADDENDUM NUMBER 2**

TO

SOLICITATION TITLE: TERP EMISSIONS REDUCTION INCENTIVE GRANTS - Request for Applications

SOLICITATION NUMBER: 582-17-70330-2450

DUE DATE: January 10, 2017

The Repower category for grants under the above-referenced solicitation includes replacement of the engine on an existing vehicle or equipment (including non-road equipment, marine vessels, locomotives, and stationary equipment) with an engine certified to a lower nitrogen oxides (NO<sub>x</sub>) emissions standard or family emissions limit. The Repower category requires that the applicant already own the vehicle or equipment being repowered (except for dual-fuel projects), but does not have the same two-year ownership requirement as the Replacement category.

The Texas Commission on Environmental Quality (TCEQ) has determined that there may be questions about the meaning and intent of the ownership provisions for Repower projects, and that further clarification of the ownership requirements would be helpful to applicants. The TCEQ wants to make it clear to applicants that the absence of an explicit requirement to document two years of ownership by the applicant is not intended to open the door for applicants to purchase a vehicle or equipment solely for the purpose of applying for a repower grant, particularly where continued ownership of the vehicle or equipment may be contingent upon receiving a grant.

The TCEQ also wants to make it clear to applicants and vendors of repower services that the purchase of the vehicle or equipment proposed to be repowered should not be, or have been, directly linked to the bargaining for the services of a proposed repower vendor. For example; an offer by a vendor of repower services to provide a vehicle or equipment to an applicant as a precursor to the purchase of repower services for that vehicle or equipment, particularly where the vehicle or equipment may be purchased or ownership transferred on a contingent basis, at a reduced or no cost, or under similar arrangements, would not be considered a reasonable transaction eligible for reimbursement.

In order to provide clarification to applicants regarding these issues, the following are changes/clarifications/additions to the above referenced Solicitation. If an applicant has already submitted an application and these changes/clarifications/additions result in information or certifications in the application to be incorrect, the applicant must notify the TCEQ and make corrections as needed, which might include withdrawal and possible resubmission of the application.

**Item A.** Request for Grant Applications; Section 2.5 Additional Requirements; subsection b); page 39.  
Additional language is added to clarify conditions of ownership in conjunction with a Repower or Retrofit project.

The applicant must already own the vehicle or equipment (including non-road equipment, marine vessels, locomotives, and stationary equipment) being repowered or retrofitted, except for dual-fuel projects which must be owned at the time the request for reimbursement is submitted. Ownership includes the applicant having title to (where applicable), physical possession of, and full and permanent control of the vehicle or equipment. The vehicle or equipment ownership must be documented in applicable inventory and accounting records. The TCEQ may request additional

documentation be provided by an applicant to verify ownership and compliance with these provisions. The TCEQ's review of any ownership records may also be considered in determining risks associated with awarding a grant.

- Item B.** Request for Grant Applications; Section 2.5 Additional Requirements; page 39. A new subsection b-1) is added to clarify conditions of ownership in conjunction with a Repower or Retrofit project.

An offer by a vendor of repower services to provide a vehicle or equipment (including non-road equipment, marine vessels, locomotives, and stationary equipment) to an applicant as a precursor to the purchase of repower services for that vehicle or equipment, particularly where the vehicle or equipment may be purchased or ownership transferred on a contingent basis, at a reduced or no cost, or under similar arrangements, would not be considered a reasonable transaction eligible for reimbursement. The TCEQ may request additional documentation be provided by an applicant to verify purchase and ownership of the vehicle or equipment to be repowered or retrofitted, including documents indicating any conditions placed on the purchase transaction. The TCEQ's review of any purchase and ownership records may also be considered in determining risks associated with awarding a grant.